

## Message Text

PAGE 01 SEOUL 03035 300432Z

20

ACTION EA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-04 TRSE-00 FRB-03 PA-01 PRS-01 USIA-06

/093 W

----- 102813

R 300347Z APR 75

FM AMEMBASSY SEOUL

TO SECSTATE WASHDC 9784

INFO AMEMBASSY TOKYO

AMEMBASSY SINGAPORE

USLO PEKING

C O N F I D E N T I A L SEOUL 3035

E.O. 11652: GDS

TAGS: ENRG, KS

SUBJECT: OIL DRILLING PLANS BY U.S. ASSOCIATE OF SHELL

SUMMARY: U.S. FIRM, PECTIN INTERNATIONAL, CONTROLLED BY UK/NETHERLANDS SHELL GROUP, PLANS DRILL IN UNDISPUTED KOREAN CONCESSION EAST OF CHEJU DO AND SOUTH OF PUSAN FOR ABOUT SIX MONTHS BEGINNING EARLY MAY. OWNER OF RIG, FLYING PANAMANIAN FLAG, IS ODECO, PRESUMABLY ALSO A U.S. FIRM. NO SPECIAL PROBLEMS FORESEEN. END SUMMARY.

1. FOLLOWING INFORMATION, EXCEPT FOR LAST PARAGRAPH, WAS PROVIDED AT EMBASSY REQUEST BY J.P. VAN BUUREN, MANAGING DIRECTOR OF KOREA SHELL N.V. AND DUTCH NATIONAL, WHO ASKS THAT IT BE HELD CONFIDENTIAL.

2. PECTIN INTERNATIONAL PLANS TO DRILL TWO HOLES IN ROK ZONE SIX BEGINNING IN LATE MAY AND ENDING ABOUT NOVEMBER. FIRST HOLE WILL BE ABOUT 82 KILOMETERS  
CONFIDENTIAL

PAGE 02 SEOUL 03035 300432Z

EAST SOUTHEAST OF CHEJU ISLAND AND THE NEXT NEARLY DUE SOUTH OF PUSAN. BOTH SITES ARE WELL WITHIN KOREAN SIDE OF DEMARCATION LINE IN ROK-JAPAN AGREEMENT (AWAITING RATIFICATION BY THE JAPANESE DIET) AND ALSO

WELL BEYOND ANY REASINABLE CLAIM BY PRC. SHELL PREVIOUSLY DRILLED ONE DRY HOLE IN SAME CONCESSION EAST OF PUSAN IN LATE 1972 AND EARLY 1973.

3. CONCESSIONS FOR ZONES THREE AND SIX ARE NOMINALLY AND OVERTLY HELD ENTIRELY BY KOREA SHELL N.V., A WHOLLY AND DIRECTLY OWNED SUBSIDIARY OF THE U.K./ NETHERLANDS SHELL GROUP REPORTING TO THE HAGUE. IN FACT 10 PERCENT OF THESE CONCESSIONS HAVE BEEN SOLD PECTIN INTERNATIONAL WHICH WILL DRILL THE TWO WELLS IN ZONE SIX TO PAY FOR ITS 10 PERCENT SHARE. PECTIN IS INCORPORATED IN DELAWARE IN THE U.S. AND IS MAJORITY OWNED BY SHELL OIL OF THE U.S., WHICH IS IN TURN MAJORITY OWNED BY THE EUROPEAN PARENT GROUP.

4. AT SPECIFIC REQUEST OF ROKG, DRILLING WILL BE IN THE NAME OF THE SHELL GROUP, AT LEAST FOR THE TIME BEING, AND PECTIN WILL NOT BE MENTIONDD AS THE NEW OPERATOR. SHELL'S FARMING OUT PART OF CONCESSION TO PECTIN ALSO REMAINS CONFIDENTIAL. ALTHOUGH THE ROKG STRONGLY ENCOURAGES EARLY DRILLING BY PECTIN, ALL THE LEGAL FORMALITIES CONNECTED WITH ROKG APPROVAL OF SHELL'S SALE OF 10 PERCENT OF CONCESSION HAVE NOT YET BEEN COMPLETED.

5. PECTIN WILL USE THE RIG OCEAN PROSPECTOR, WHICH UNTIL RECENTLY OPERATED OFF VIET NAM UNDER CONTRACT TO PECTIN VIET NAM. ABOUT TEN OF THE CREW AND SHORE PARTY (TO BE BASED IN PUSAN) ARE U.S. NATIONALS WHO ARE AT THE MOMENT IN SAFEHAVEN AT SINGAPORE. REMAINDER OF THE CREW WILL BE JAPANDSE, ABOUT 70 IN NUMBER, POSSIBLY WITH ADDITIONAL OF A FEW KOREANS. RIG WILL BE TOWED TO FUKUOKA FOR SOME OVERHAUL SUPERVISED BY NISHI NIHON, JAPANESE AFFILIATE OF SHELL, AND THEN PLACED ON FIRST DRILLING SITE SOUTHEAST OF CHEJU DO. OCEAN PROSPECTOR IS REGISTERED IN PANAMA AND FLIES PANAMANIAN FLAG. OWNER IS OCEAN DRILLING AND EXPLORATION CONFIDENTIAL

PAGE 03 SEOUL 03035 300432Z

CO. (ODECO), PRESUMABLY A U.S. FIRM, WHICH ALSO HAS JAPANESE AFFILIATE, ODECO NIHON S.A.

6. LOCAL PRESS HAS CARRIED A RELEASE ISSUED BY ROK MINISTRY OF COMMERCE AND INDUSTRY ANNOUNCING SHELL GROUP WILL BEGIN DRILLING IN ZONE SIX IN LATE MAY. BY PREARRANGEMENT SHELL AND PECTIN HAVE LEFT ALL PUBLIC COMMENT TO ROKG, WHICH IN TURN HAS PROMISED TO CLEAR ALL STATEMENTS WITH SHELL.

7. COMMENO: SINCE RIG WILL NOT OPERATE IN DISPUTED WATERS, NORMAL USG RESTRICTION ON U.S. NATIONALS AND FIRMS EXPLORING OFFSHORE KOREA DO NOT SEEM

WARRANTED.  
SNEIDER

CONFIDENTIAL

<< END OF DOCUMENT >>

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 26 AUG 1999  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DRILLING, POLICIES, PETROLEUM CONCESSIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 APR 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** johnsorg  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975SEOUL03035  
**Document Source:** ADS  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** 11652 GDS  
**Errors:** n/a  
**Film Number:** D750151-0281  
**From:** SEOUL  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t197504104/baaaauhm.tel  
**Line Count:** 113  
**Locator:** TEXT ON-LINE, TEXT ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:**  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** johnsorg  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 10 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <10 JUN 2003 by KelleyW0>; APPROVED <17 NOV 2003 by johnsorg>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** n/a  
**TAGS:** ENRG, KS  
**To:** STATE INFO TOKYO  
SINGAPORE  
PEKING  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006